

# Memorandum

## City of Lawrence/Douglas County Planning and Development Services

**TO:** Diane Stoddard, Interim City Manager

**FROM:** Planning & Development Services Staff

**CC:** Casey Toomay, Assistant City Manager

**Date:** June 2, 2015

**RE:** Affordable Housing Background & Market Analysis

### Summary

There is a range of housing issues that can confront communities: student housing, retiree housing, workforce housing, transitional housing for the homeless, emergency sheltering, among others. Issues affecting housing include market supply & demand, consumer income, the cost of housing, student populations, and others. Housing issues are not new to Lawrence. For a couple of decades Lawrence has worked in partnership with outside agencies to develop housing strategies and fund housing programs. Determining which housing issue is currently confronting Lawrence and Douglas County, and its sources, would be of value to the community.

This memorandum is intended to provide basic data on just a few aspects of housing in the community. A comprehensive

<b>Lawrence: Key Statistics</b>	
<b>Population</b>	90,811
<b>Transient Student Population</b>	15,573
<b>Total Households</b>	34,970
<b>HUD Median Family Income</b>	\$74,100
<b>Households spending 30%+ on Housing</b>	<b>14,565</b>
<b>of Owners</b>	<b>27.6%</b>
<b>of Renters</b>	<b>56.5%</b>
<b>Source: U.S. Census Bureau / HUD</b>	

housing market analysis would further quantify the issue in greater detail and provide options to address identified opportunities in housing.

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### Existing Public Programs

While housing has been a topic for much longer than this report covers, the following timeline reflects the City of Lawrence's efforts since the early 1990s.

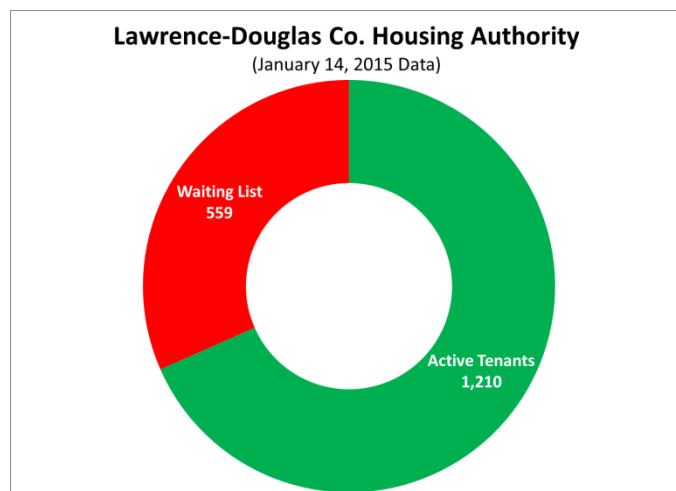
- **1968:** Lawrence Housing Authority created.

- **1983:** Douglas County Housing Authority created.
- **1992:** A series of public meetings were conducted regarding Lawrence housing needs and concerns.
- **1992:** Tenants to Homeowners, Inc. established.
- **1993:** City Commission [appoints](#) a Housing Study Group (HSG) to study housing issues.
- **1994:** The Housing Study Group submits *"An Action Plan for Housing"*. The top two recommendations were to: 1. Create a Housing Trust Fund; and 2. Appoint a Housing Trust Fund Board.
- **1995:** [Resolution 5702](#) established a Housing Policy for the City noting the desire for a Housing Trust Fund.
- **1997:** City Commission [adopts](#) initial "Step Up to Better Housing" Strategy.
- **2000:** [Ordinance 7194](#) establishes the Housing Trust Fund. The fund is created with \$500,000 from the general fund due to a cost overrun from the Indoor Aquatic Center.
- **2001:** City of Lawrence adopts [Ordinance 7357](#), establishing the Housing Trust Fund Board, "to encourage and support the acquisition, rehabilitation, and development of affordable housing and/or emergency shelter and supportive services necessary to maintain independent living with dignity in our community."
- **2001:** Lawrence Housing Authority and Douglas County Housing Authority are [merged](#) into the Lawrence-Douglas County Housing Authority
- **2002 to 2007:** \$10,000 per year for 5 years was added to the Housing Trust Fund from the City's general fund. Also an additional \$104,000 in interest was earned from 2000 to 2006.
- **2003:** Mayor's Task Force on Homelessness [established](#).
- **2005:** City Commission [directs](#) the Housing Trust Fund Board to initiate a Request for Proposals to allocate all Housing Trust monies (approximately \$560,000 was allocated, \$557,847 was spent). Presently, \$102,672 remains in the fund.
- **2005:** The City of Lawrence continued studying the need for affordable housing with the decision by the City Commission to participate in the [Community Housing Assessment Team \(CHAT\)](#) process, which reported in 2005 a need to increase the number of affordable housing unit in Lawrence by 1,690 (under

- \$130,000) affordable owner-occupied units and 2,347 affordable (under \$700) renter-occupied units.
- **2006:** Community Commission on Homelessness (CCH) [created](#).
- **2006:** The findings of the CHAT Report lead the City Commission to establish the [Housing Needs Task Force](#).
- **2006:** City of Lawrence [authorizes](#) Lawrence-Douglas County Housing Authority to utilize their reserve fund to purchase [Clinton Place](#), keeping 58 units of affordable housing available.
- **2007:** Housing Needs Task Force develops a [report](#) providing action recommendations to help address the affordable housing needs identified within the community. While the Task Force completed its charge, work in addressing this issue has continued with other advisory boards and through community partnerships.
- **2007:** Community Housing Vision created.
- **2009:** [Community Housing Vision](#) revised.
- **2010:** Housing Trust Fund Board incorporated into the [Social Service Funding Advisory Board](#) by [Ordinance 8501](#).
- **2010:** "[Step Up to Better Housing](#)" Strategy updated.
- **2011:** Homeless Issues Advisory Committee [created](#), replacing the Community Commission on Homelessness (CCH).

Since then, the City has continued working with local partners to help address various needs and aspects of affordable housing for the community. Presently working in the community on permanent affordable housing is Tenants to Homeowners and the Lawrence-Douglas County Housing Authority, both of which are designated agents to provide affordable housing in the community.

The [Lawrence-Douglas County Housing Authority](#) (LDCHA) provides eight different housing programs, including public housing, Veterans Affairs Supportive Housing (VASH), HOPE Building Permanent Supportive Housing, and Tenant-Based Rental



Assistance (TBRA), among others. Information provided by the Lawrence-Douglas County Housing Authority shows that as of January 2015, they currently have 1,210 active tenants and 559 applicants on their waiting list. The average gross household income for all households LDCHA serves is \$16,870. Of those, 50% of households earn less than 50% of the Area Median Income.

The TBRA program is assisted with HOME Investment Partnership (HOME) money from the City's entitlement grant as well as a grant from the State of Kansas HOME program. The City's TBRA program is set up to allow for subsidized housing for homeless families and individuals. The State's program is allocated through the Bert Nash Community Mental Health Center and provides rental assistance to their clients. As LDCHA states in their [annual report](#), "These funds expand low-income housing opportunities for the homeless and for special populations that face housing challenges." The assistance is temporary in nature and can run for a maximum of 24 months. The program has an added component of required case management to assist in stabilizing the families or individual in housing. Once the tenant(s) complete the program, LDCHA has a goal of placing them in permanent housing in the form of a Section 8 voucher, or in some cases they have the ability to rent on the open market. The TBRA program aligns with the [Community Housing Vision](#) and is a crucial component to the continuum of housing in Lawrence. The Community Housing Vision was developed by the Mayor's Task Force on Homelessness in 2007/2008, and is currently monitored by the Homeless Issues Advisory Committee (HIAC). The Community Housing Vision is the community's plan to end homelessness and help transition people into permanent housing. The reduction in funds for this grant over the last four years has led to an allocation of approximately half of what they were previously receiving. The HOME grant is the sole source of funding for the TBRA program. In 2014, 13 partner agencies in Lawrence worked with the LDCHA on referrals and case management for the HOME TBRA program, and 59 formerly homeless households (29 through the City, 30 through the State) were assisted with this funding source.

[Tenants to Homeowners, Inc.](#), (TTH) is the City's certified Community Housing Development Organization (CHDO), and have been since 1992. A CHDO is a required component of a City receiving HOME funding, and it is an agency that acts as an owner, developer, or sponsor of housing. A percentage of the HOME funds the city receives are required to go to the CHDO for development of affordable housing, but as mentioned above, funding has undergone drastic cuts over the last four years so this is an ever-decreasing pot of money. TTH offers the community a portfolio of 54 rental units, and all the rentals must go to income-eligible tenants that are at or under 80% of area median income. TTH also manages the Lawrence Community Housing Trust (LCHT), which allows for low-moderate income households to purchase homes that are permanently affordable. Upon the purchase, the homeowner owns the structure, but the land is leased to them. A formula determines the return on investment to the seller and the home is resold to another low-moderate income homebuyer. The City allocates HOME dollars to TTH for the First-time Homebuyer program. TTH works to ensure success in homeownership by offering homebuyer workshops, pre-qualification services, budget counseling, homeowner maintenance workshops, and other supportive services. Since 1992 TTH has developed 80 new construction projects and 62 rehabilitation projects. Additionally, they hold a 0% foreclosure rate on their homes. They currently

have 74 homes in trust that have served 93 households since 2005 and will continue to serve eligible families in perpetuity.

### **City and Grant Funding Sources for Affordable Housing Activities**

1. **Community Development Block Grant (CDBG)** – The CDBG program is a Federal program and is defined by HUD as “a flexible program that provides communities with resources to address a wide range of unique community development needs.” CDBG began in 1974 and the City of Lawrence receives an entitlement allocation based on a formula grant.
2. **HOME Investment Partnership Program (HOME)** – The HOME program is a Federal program and is defined by HUD as a program that “provides formula grants to states and localities that communities use – often in partnership with local nonprofit groups – to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or home ownership or providing direct rental assistance to low-income people.” The HOME program began in 1992 and is an entitlement program.
3. **Emergency Solutions Grant (ESG)** – The ESG is a state-funded grant that the City receives on a competitive application basis each year. The focus of this grant, per HUD, is “assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.”
4. **Neighborhood Stabilization Program (NSP)** – NSP was a Federal stimulus program based loosely on CDBG regulations, with the purpose of “stabilizing communities that have suffered from foreclosures and abandonment.” There were several options for use of these funds, which began as a direct allocation from the State of Kansas, including purchase, demolition, land banking, and redevelopment.
5. **General Fund Expenditures:** In addition to grant-funded housing initiatives, the City sets aside both General Fund allocations and Special Alcohol Tax Fund allocations to fund programs that directly provide housing in alignment with the Community Housing Vision. Since 2000, the General Fund has set aside funding through a competitive application process to several agencies including Lawrence Community Shelter (and previously Lawrence Open Shelter), Willow Domestic Violence Center (and previously Women’s Transitional Care Services), and The Salvation Army. The total since 2000 given to these agencies through General Fund allocations has been \$2,338,795, and these agencies directly support housing and housing programs, with \$2,008,000 of this allocation set aside for Bert Nash Homeless Outreach Team. These funds allow Bert Nash to support an outreach team providing case management and outreach services to the literally homeless in the community. This outreach team works directly with other agencies in Lawrence to refer clients and assist in finding housing for those who are homeless.

Lawrence Community Shelter was also granted a loan of \$725,000 in 2013 to assist in purchase requirements for their new location. Payments are being made back to the City on this note.

The City has also committed Special Alcohol Fund dollars to several agencies to aid in the substance abuse prevention component that arises as a barrier to so many homeless individuals and families. Willow Domestic Violence Center, Lawrence Community Shelter, and First Step House have all continuously been funded through this revenue source. The total since 2002 has been \$835,323.

## 6. Others Sources

- o **Existing Housing Trust Fund Balance:** \$102,672 (as of 12/31/2014)  
In 2005, the City Commission [approved](#) the Housing Trust Fund Board's recommendation to allocate the majority of funds as outlined:

Housing Trust Fund Allocations	\$
<b>Emergency Services Council</b>	
- <i>Emergency Rental Assistance</i>	\$10,800
<b>Lawrence Community Shelter</b>	
- <i>Homeless Management Information System</i>	\$36,225
<b>Lawrence-Douglas Co. Housing Authority</b>	
- <i>9 New Affordable Elderly Housing Units</i>	\$200,000
<b>Lawrence Habitat for Humanity</b>	
- <i>Acquisition/Development of Property</i>	\$100,000
<b>The Salvation Army</b>	
- <i>"Homeless to Housed" (H2H)</i>	\$48,775
<b>Tenants to Homeowners, Inc.</b>	
- <i>Community Housing Trust Land Acquisition</i>	\$175,000
<b>TOTAL ALLOCATIONS</b>	<b>\$570,800</b>

The fund was initially capitalized with \$500,000 in 2000, with an additional \$10,000 per year for 5 years beginning in 2002. In 2005, \$557,847 was spent from the fund a difference of \$12,953 from the City Commission approved allocation. After the awarding of the funds, the Housing Trust Fund Board became dormant and the overseeing of the Housing Trust Fund was given to Social Service Funding Advisory Board in 2010. The remaining balance today is primarily accumulated interest earnings on the remaining principal.

- o **Warehouse District:** To date, the City of Lawrence has provided public support totaling approximately \$2 million in [infrastructure investment](#) in the East Lawrence Historical Industrial Warehouse District in support of two affordable housing projects within the district. These projects

provide a total of 92 affordable units through the use of Low Income Housing Tax Credits (LIHTC) through the State of Kansas.

<b>Warehouse District: City of Lawrence Support</b>	<b>\$ (Est.)</b>
<b>Poehler / Phase 1 Infrastructure</b>	\$1,051,577
<b>Cider / Phase 2 Infrastructure</b>	\$695,430
<b>Cider CID Special Assessments on City-Owned Parking Lot</b>	\$22,432
<b>9 Del / Phase III Infrastructure</b>	\$270,967
<b>TOTAL ESTIMATED AREA SUPPORT</b>	<b>\$2,040,406</b>

- **Habitat for Humanity Project:** In [February 2015](#), the City of Lawrence transferred a portion of the city-owned land at 815 Oak Street to Habitat for Humanity allowing them to create one buildable lot for a single-family residence.

***CDBG and HOME Affordable Housing Allocations:*** Applications are received by the City for each year's allocation for the CDBG and HOME grants, and the applications are reviewed by the Community Development Advisory Committee (CDAC). The CDAC utilizes the "[Step Up to Better Housing](#)" Strategy, which is a document that has been adopted by the City Commission. The document allows for consistent funding in five areas, including emergency shelter, transitional housing, permanent and permanent supportive housing, revitalized neighborhoods, and community facilities.

The CDBG program funds a variety of initiatives, and several of them can be tied to affordable housing and maintaining the housing stock that is currently being utilized. The HOME program primarily funds affordable housing initiatives. A key component of the HOME funding is the requirement of a certified Community Housing Development Organization (CHDO). A CHDO is an agency that acts as an owner, developer, or sponsor of housing. A percentage of the HOME funds the City receives are required to go to the CHDO for development of affordable housing. Tenants to Homeowners, Inc., (TTH) is the City's certified Community Housing Development Organization (CHDO), and has been since 1992.

***Emergency Shelter Operations:*** CDBG funds have been allocated to four agencies that directly offer shelter and supportive services to homeless individuals and families as well as domestic violence survivors and females dealing with addiction. This assistance has been in the form of funding for agency operations, and has been awarded to agencies that offer physical shelter services such as the Willow Domestic Violence Center, First Step House, Lawrence Community Shelter and The Salvation Army (overnight shelter closed as of 2009). Since 2000, the total amount of CDBG funds that have been allocated to overnight shelter facilities for general operations and miscellaneous shelter costs has been \$781,131.

***Temporary Housing / Housing Financial Assistance Programs:*** CDBG funds have been allocated to several different agencies that offer direct financial assistance to income-eligible individuals and families, mostly utilized as rental or utility subsidy. The

funds allocated for these programs all go to financial assistance and not to agency operations. Examples of agencies that offer this type of program in Lawrence are: Heartland Community Health Center (formerly Douglas County AIDS Project), the Ballard Emergency Services Council, Success By Six, and Catholic Charities of Northeast Kansas. Since 2000, the total amount of CDBG funds that have been allocated to direct housing financial assistance has been \$343,394.

***Transitional Housing:*** HOME funds have been used by the Lawrence-Douglas County Housing Authority for the Tenant Based Rental Assistance (TBRA) Program since 1992. The TBRA program provides rental vouchers to homeless families and individuals for a maximum of 24 months. The rental subsidy is paired with intensive case management for the term of the assistance, which provides a greater opportunity for housing stabilization and success. LDCHA works with around 13 local agencies that provide referrals and case management services. Since 2000, the total amount of HOME funding that has been allocated to transitional housing has been \$3,268,310. In addition, the City has provided LDCHA via HOME funds with administration funding throughout the program years totaling \$255,772.

***Permanent and Permanent Supportive Housing:*** The primary funding source for *creating* permanent, affordable housing and assisting first time homebuyers with affordable housing has been the HOME program. The primary funding source for *maintaining* permanent, affordable housing stock has been CDBG.

The HOME program funds development and homebuyer activities for affordable housing including first-time homebuyer assistance, affordable housing development, and the above-mentioned CHDO required set-aside funding. Over the years there have been several versions of homebuyer activities. The initial Homeowners Out of Tenants (HOOT) Program from 1993-2005 put 248 low income families into their first homes (179 between 2000 and 2005), but much of the affordability was lost on these homes as they were resold. Currently the City's First-time Homebuyer program subsidizes the initial sale price assisting homebuyers with closing costs for the purchase of their first home. There is a down payment requirement from the buyer, as well as homebuyer education prior to closing on the purchase. The properties are stewarded by the Lawrence Community Housing Trust Program to ensure affordability is maintained. Since 2000, \$2,899,176 has been allocated through the HOME program to first time homebuyer activities. For the required CHDO set-aside, which has funded development of housing, the total allocation since 2000 has been \$2,014,462. Since the 2005 Housing Trust transition, all First Time Homebuyer Program and CHDO set-aside funds have been locked into the 74 trust homes developed to ensure that there is a stock of affordable homes. Even though HOME allocations were much lower in 2014, the Housing Trust Program was able to make 6 new low income families homeowners through resale that recycled previously allocated HOME funds, and did not require additional subsidy. Lastly, HOME funds have been frequently awarded to Lawrence Habitat for Humanity for a variety of development needs, land acquisition, and material purchases for their home building projects. Since 2000, Habitat for Humanity has been awarded \$337,000.



The CDBG program funds homeowner housing rehabilitation, emergency needs, furnace replacement, weatherization, and property acquisition. The CDBG Comprehensive rehabilitation program also includes program delivery costs, which is salary and related costs for delivering all the CDBG and HOME programs, including lead test costs, fees for filing mortgages, radon test costs, environmental review costs, and other related fees. The purpose of the CDBG programs is to maintain safe, decent, affordable housing in the community. The programs run by the City ensure that homeowners can maintain and remain in their housing. Since 2000, the total amount allocated to the City programs, some of which are loans that come back to the City and are reinvested in the CDBG program, has been \$8,134,788. An additional allocation has been awarded to Independence, Inc. for accessibility improvements in affordable rental units for the disabled. Since 2000, \$426,807 has been allocated to this program. The Community Development Division also has historically purchased land with CDBG money for affordable housing development. Since 2000 this total has been \$700,000 (no property purchased since 2005).

### ***Emergency Solutions Grant (ESG) allocations***

ESG is a state-funded grant that the City receives on a competitive application basis each year. The focus of the ESG has changed over the past several years with the passing of new legislation. The overall objective of the current version of the ESG is that it "provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families and individuals from becoming homeless." Formerly, this grant funded homeless shelter activities and basic homelessness prevention, making it an essential piece of funding the City's overall strategy. The agencies that have been funded with this grant have included LCS, Willow Domestic Violence Center, The Salvation Army, First Step House, and Pelathe Center. Currently the grant is being allocated to LCS, Willow, and Catholic Charities of Northeast Kansas (CCNEK). CCNEK administers the Homelessness Prevention and Rapid Re-housing funding which have proved to be a very effective way of assisting families and individuals to break some of their barriers in obtaining safe, affordable housing. The funds help with rental arrears, utility deposits, and other items that may keep a person from being housed. With this funding comes intensive case management to ensure stabilization in housing. CCNEK works closely with a large contingency of agencies for referrals and case management. Since 2000, the different versions of the ESG have resulted in \$1,196,280 that has gone to agencies working to house the homeless.

### ***Neighborhood Stabilization Program (NSP1) allocations***

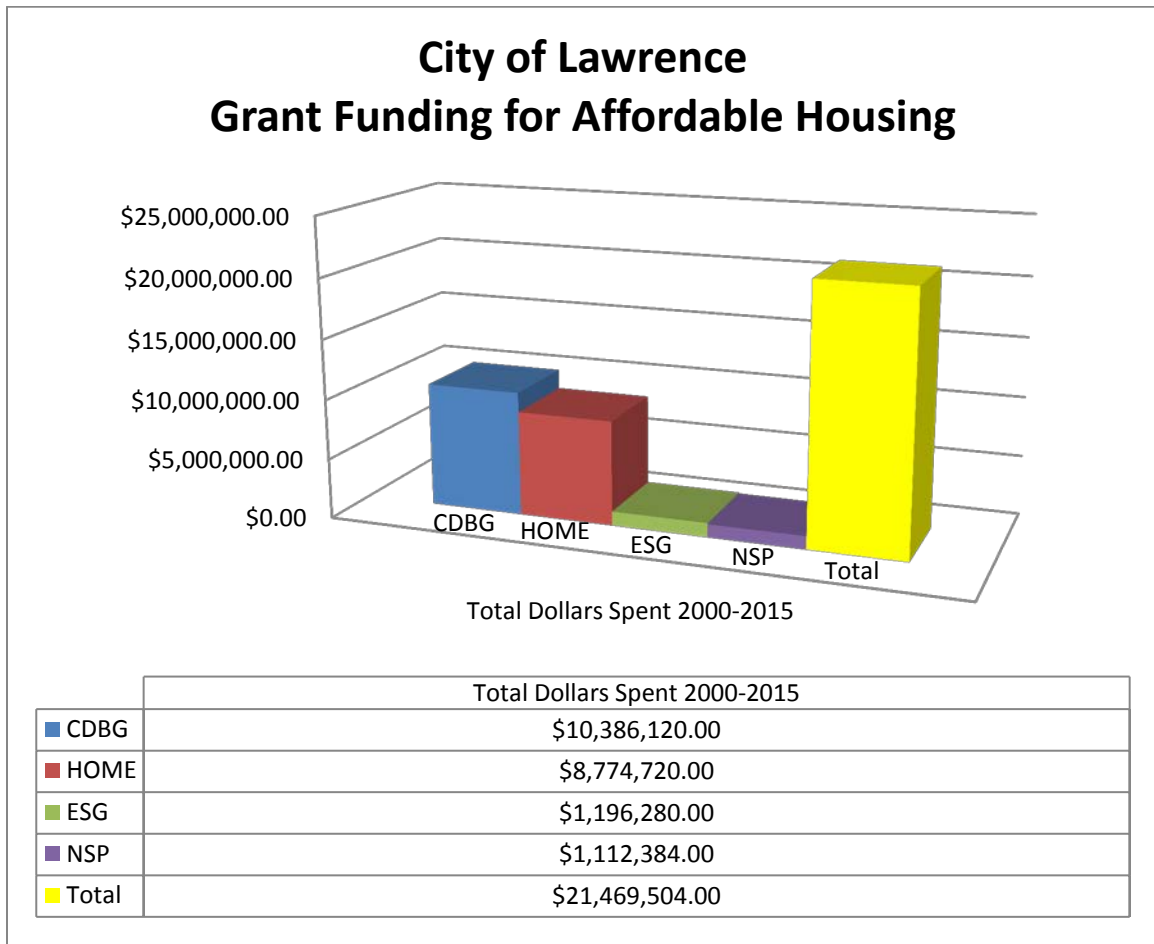
In 2009 NSP was allocated from the State of Kansas Department of Commerce to counties and cities for a variety of eligible uses in communities. Lawrence chose to redevelop previously vacant land. The City partnered with the CHDO, Tenants to Homeowners, and with the original allocation of \$562,134 the City was able to add five units of affordable rental housing which was rented to families and individuals under 80% of AMI, including two units rented to families at less than 50% of AMI. Because of the success with this project, the City was awarded an additional allocation of program income from the NSP program of \$550,250. This was used to demolish an abandoned

property on a double lot in North Lawrence and subsequent redevelopment of that lot into four new rental units with the same income limits and qualifications of the previous NSP project. All totaled, the City and TTH spent \$1,112,384 for the development of nine affordable rental units.

***State/Local HOME collaboration***

In 2014 Tenants to Homeowners was awarded State of Kansas HOME funds, as well as City HOME funds for construction of a 14-unit development, called Cedarwood Cottages, that is built to provide affordable housing to seniors aged 62 or older. The project incorporates Energy Star efficiency as well as recreation options for the residents and guests. All units require incomes under 80% of the area median income, making the entire development affordable, and 9 of the 14 units will rent to seniors that fall at or below 60% of AMI. The City of Lawrence, in addition to the allocated HOME funding, provided additional assistance to the project. The City contributed \$101,975 to the project in the form of sidewalks, storm sewer improvements, fire hydrants, detention pond work, and service, development and installation fee rebates.

**Total Grant Funding: 2000 – 2015**



## City Advisory Boards Related to Housing

There are two Mayor-appointed City advisory boards that focus primarily on housing and housing needs.

**Community Development Advisory Committee (CDAC)**: The function of the CDAC is to annually review CDBG and HOME agency applications and make funding recommendations to the City Commission, as well as provide the Commission recommendations of support for Low Income Housing Tax Credit (LIHTC) applications that are submitted to the State of Kansas. This board has 11 members, and 6 members must represent low-moderate income neighborhoods, while the remaining 5 appointees can be at-large neighborhood representatives. This body makes recommendations for the CDBG and HOME funding, and has no financial piece outside of that specific grant funding. This body also hears presentations on LIHTC projects that require a Resolution of Support from the City Commission, and forwards those recommendations to the governing body.

The CDAC is responsible for holding two HUD required public hearings on the CDBG and HOME funding and grant process, one in the spring (April) and one in the fall (September). They are also responsible for reviewing and advising staff on the agency application document, as well as all documents that are submitted to HUD as part of the grant program requirements. The CDAC welcomes public comment and input from all citizens, and all meetings and communications are open to the public. This committee meets on the 2<sup>nd</sup> and 4<sup>th</sup> Thursdays of every month during the grant allocation cycle. The primary documents utilized by this board in terms of allocation decisions are the [Step Up to Better Housing](#) strategy as well as the [Citizen Participation Plan](#).

**Homeless Issues Advisory Committee (HIAC)**: The HIAC was formerly known as the Community Commission on Homelessness (CCH). The CCH was created by [Resolution 6608](#) on August 23, 2005. The appointments were made that fall and the group began meeting after the first of the year in 2006. The purpose of the CCH was, "to report to and advise the City on matters relating to its goal of recommendations regarding the implementation of the plan" ([Task Force on Homelessness Final Plan /Presentation](#)). Duties included, "review the implementation of the Homeless Services Plan, evaluate progress toward stated goals and programs, develop a ten-year plan to end chronic homelessness, and facilitate communication between stakeholders." One such initiative was the "[Housing Vision](#)", which details various types of housing and/or shelter that was viewed as necessary in the community to address the housing needs of not only homeless persons, but all members of the community. The Housing Vision was adopted by the City Commission in June, 2007, and updated in October 2009 due to the growing homeless population in Lawrence.

The CCH also studied the issues and made recommendations to the Planning Commission and City Commission regarding the relocation of the Lawrence Community Shelter based on criteria they had previously adopted regarding the location of such a shelter in the community. Additionally, the CCH had discussed issues regarding camping, panhandling, and how mental illness and substance abuse relate to homelessness.

In 2011, after a members retreat as well as discussions with staff, the focus shifted from being reactive in nature to being proactive. In evaluating the work of the body, the CCH determined changes that would be beneficial to implement their process and procedure. Some of these changes included items such as formulation of an annual review summarizing the work of the body that will be submitted to the City Commission and made available for public viewing; analysis and updating of the Housing Vision based on community needs and the [Point-In-Time count results](#); implementing the Homeless Information Management System (HMIS) reporting standards that are beneficial to the body and the community; and receiving monthly reports on issues that are not part of the Housing Vision, such as Mental Health Services, case management, jobs, and/or funding. Further, it was determined that the CCH shall be renamed the, "Homeless Issues Advisory Committee" in order to best demonstrate what their capacity as an advisory board to the City of Lawrence entails. The Resolution states that, "The Homeless Issues Advisory Committee shall function as an advisory body to the Governing Body and shall make recommendations to it regarding the advancement of appropriate programs and services for the homeless. The Homeless Issues Advisory Committee may also make similar reports, findings, and recommendations to other governmental bodies in Douglas County." The CCH felt that this updated resolution was appropriately aligned with their goals and mission, and voted unanimously at their July 12, 2011 meeting to recommend adoption of the updated document by the City Commission.

Since then, the committee has met quarterly and has held true to the format of receiving reports and being a place that the public can speak to homeless issues in the community. Per the resolution, the committee is made up of a variety of up to 11 community members, including representatives from the business community, the medical community, law enforcement, service providers, faith-based community, and the homeless community at-large. This group is not tasked with funding decisions nor do they have a process that requires any type of financial allocations. In addition, this group serves as the Lawrence/Douglas County regional committee for the State of Kansas Balance of State Continuum of Care.

**Lawrence-Douglas County Housing Authority Board of Commissioners (LDCHA)**: While the Lawrence-Douglas County Housing Authority is not a department or committee of the city, there are city appointments on their five-member Board of Commissioners. Three are appointed by the Mayor of Lawrence and two are appointed by the Chairman of the Douglas County Commission. According to the City's website, "The LDCHA is authorized to plan, develop, construct, maintain and operate low income housing for the City of Lawrence. It operates public housing and Section 8 assistance for low income, elderly, and disabled families and individuals under formal agreement with the City of Lawrence and Douglas County. The LDCHA Board of Commissioners is the policy making body for the public housing agency responsible for establishment and approval of major programs, policies, contracts and budgets." The City of Lawrence owns and must sign off on any property purchases or sale of property.

## Analysis

Housing for all income ranges is a complex issue with cities taking varying degrees of actions to affect outcomes that meet the demand for all price ranges. The City of Lawrence participates in the housing market in the following ways:

- [Community Development Block Grant/HOME Investment Partnerships Program](#)
- [Lawrence Community Shelter](#)
- [Lawrence Habitat for Humanity](#)
- [Lawrence-Douglas County Housing Authority](#)
- [Tenants to Homeowners, Inc.](#)

Otherwise, the open market provides housing as it determines is necessary.

Affordable housing is a definition that can take many different forms, but it typically is defined to include all housing developed and maintained at levels that are affordable and safe to low and moderate income households within the community.

U.S. Department of Housing and Urban Development (HUD) general guidelines on what is affordable is when occupant(s) is/are paying no more than 30% of his or her income for gross housing costs.<sup>1</sup> Included in the costs of housing are utilities, taxes, and insurances costs. Families paying 30% or more of their income for housing are considered cost burdened and may have difficulty affording other necessities such as food, clothing, transportation, and medical care. It is important to note that 30% of household income is considered the upper limit for housing expenditures, especially when considering the lowest income households within the community.

This is coupled with the HUD definition of low and moderate income, which is used in their determination for assessing the housing needs of residents. HUD provides the following definitions for these income levels:

- ***Moderate Income:*** *Households whose incomes are between 81 percent and 95 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 95 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs, fair market rents, or unusually high or low family incomes.*
- ***Low Income:*** *Families whose [combined] income does not exceed 80 percent of the median family income for the area.*

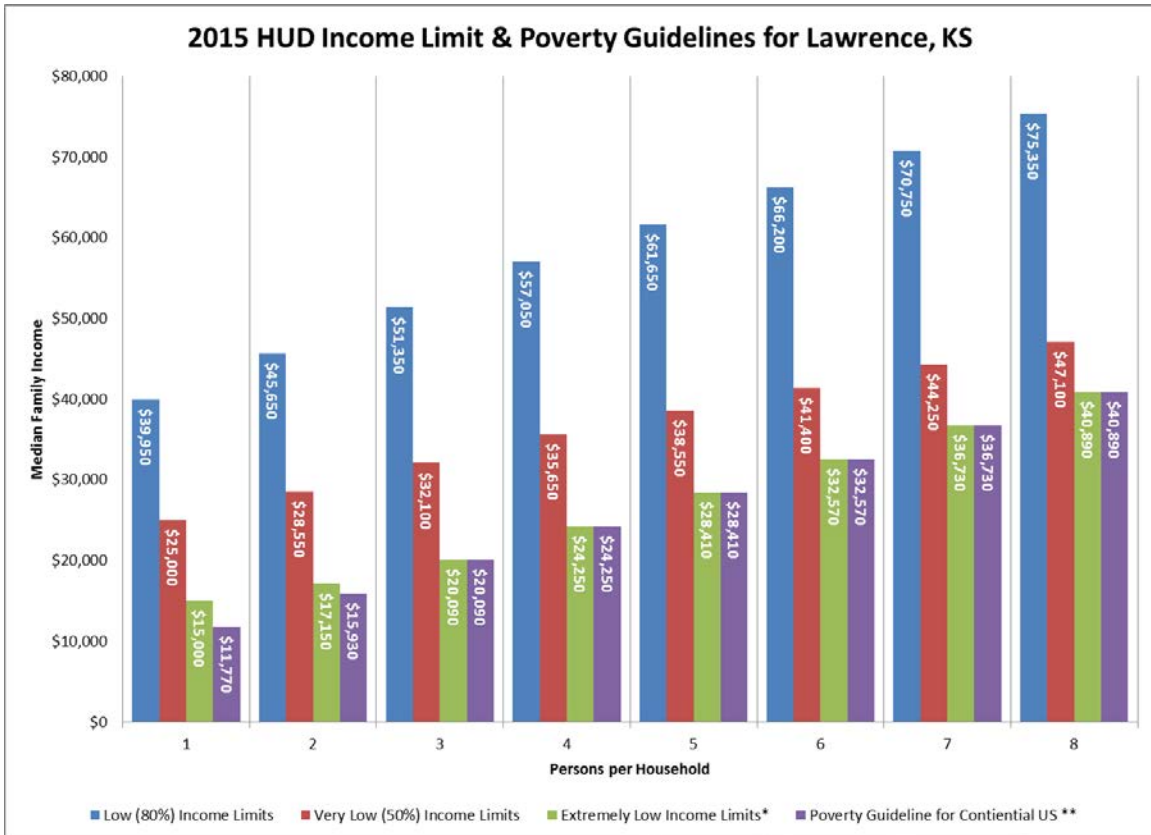
For the purposes above, HUD defines the [Median Family Income](#) for Lawrence at \$74,100. The following chart shows both the range of low income that is developed and utilized by HUD in determining the [income limits](#) for Lawrence for the 2015 fiscal year,

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<sup>1</sup> U.S. Department of Housing and Urban Development;  
[http://www.huduser.org/portal/glossary/glossary\\_a.html](http://www.huduser.org/portal/glossary/glossary_a.html)

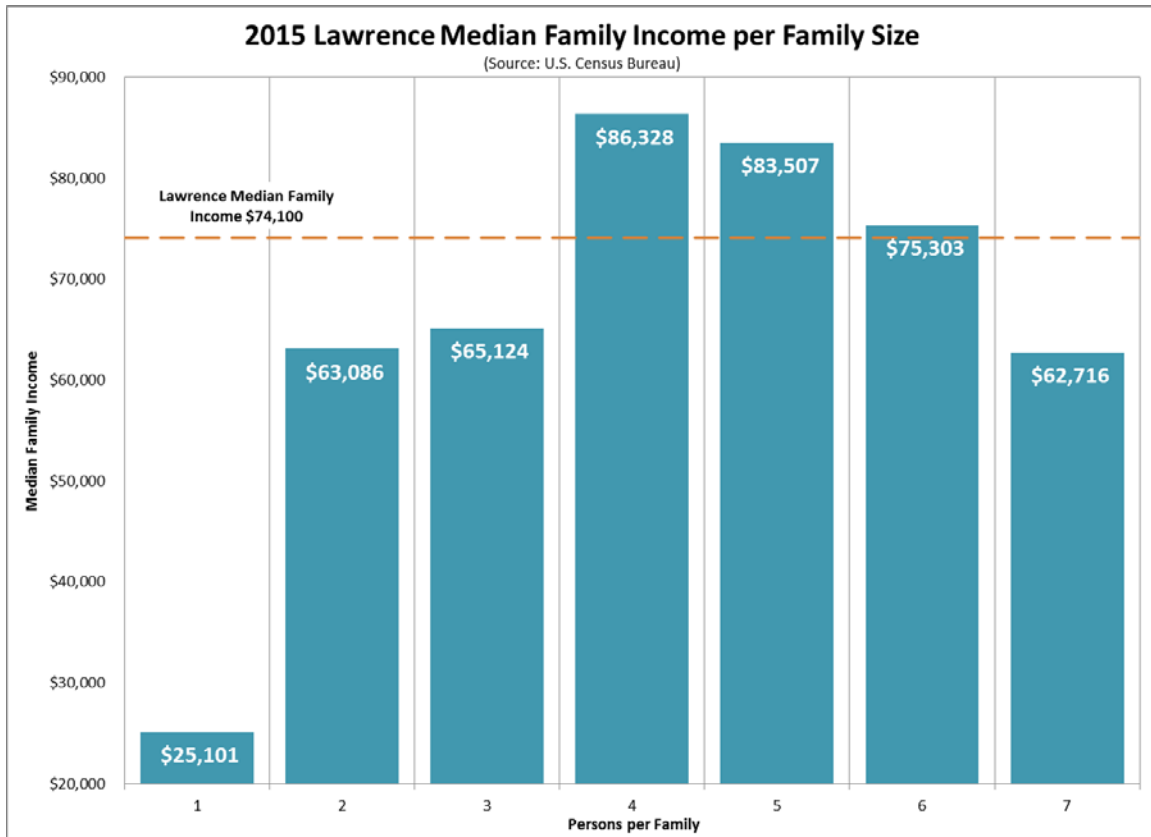
and also the 2015 [poverty guidelines](#) as developed by U.S. Department of Health and Human Services.

When evaluating Lawrence's markets and statistics, including the transient student population into this discussion is integral to understanding the full market dynamics. The U.S. Census estimates that approximately 15,573 students comprise the population of Lawrence during the academic year, which directly shapes the overall housing market and rental rates within the community.



\* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

\*\* The poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).



While this chart shows the family size breakdowns within the community, it is important to note that it does not provide indication to the economic reality within Lawrence. This indicates that while the median value is accurate, it cannot show the disparity in the households at both extremes of the income scale. Approximately 1,500 more families are earning less than the median family income than those above, which indicate that the median family income is skewed higher by families earning substantially more than the median income of the general Lawrence population.

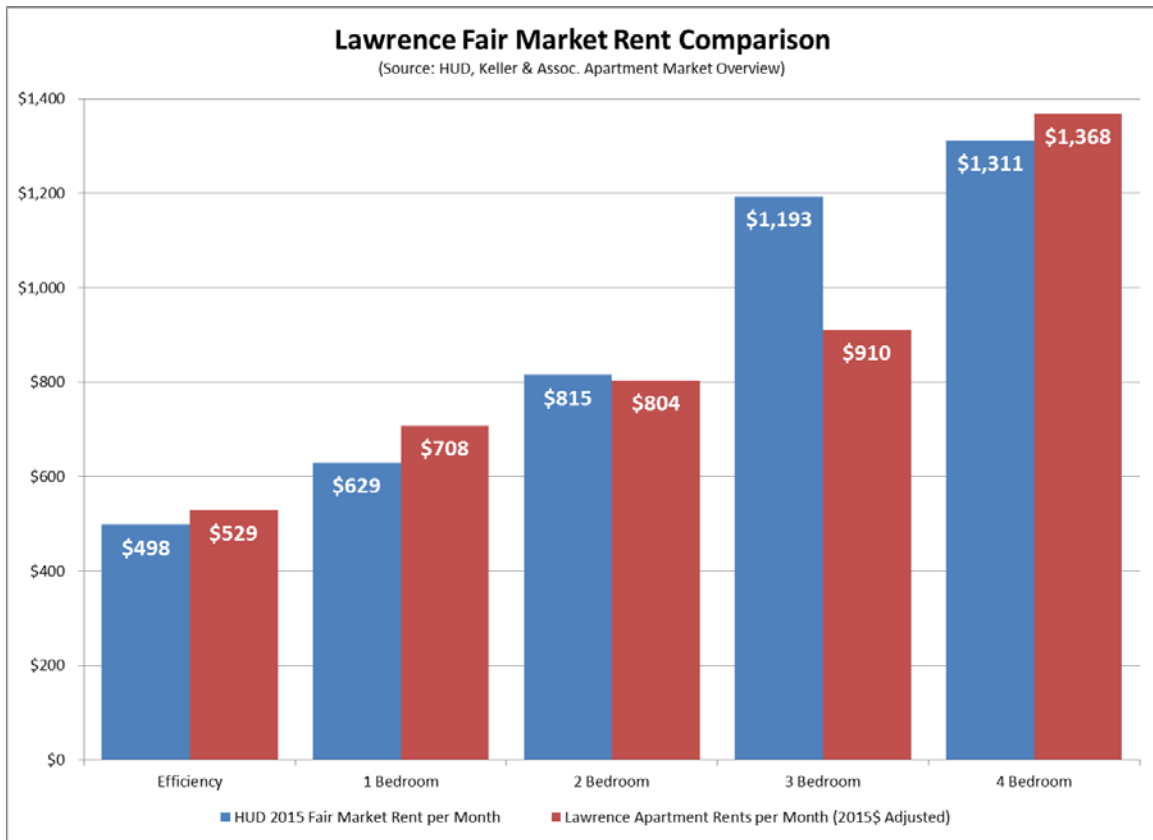
There are two components to any housing market: the ownership portion and the rental portion. Both aspects must be evaluated in tandem to understand the balance and issues of the current market status.

HUD provides a statistical determination on what is the fair market rent for the Lawrence area. Fair Market Rent is defined as:

*The rent that would be required to be paid in the particular housing market area in order to obtain privately owned, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities. This Fair Market Rent includes utilities (except telephone).<sup>2</sup>*

<sup>2</sup> 24 CFR 5.100, §5.100 "[Definitions.](#)"

The following is a comparison of the HUD [2015 Fair Market Rates](#) in comparison with a [Rental Market Analysis](#) by Keller & Associates conducted within Lawrence in 2013. The values of the 2013 study were adjusted to 2015 Dollars to account for inflation.



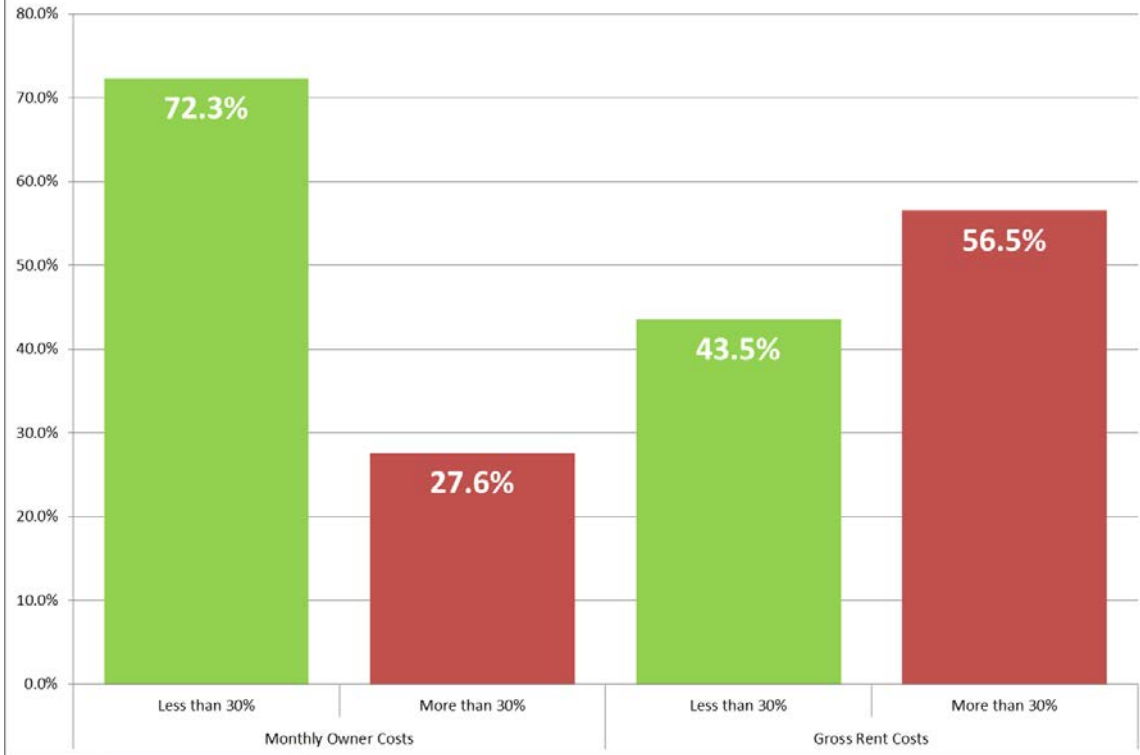
Based on the market rent analysis, the data suggests that the rental market is pricing efficiency units 6.2% above, 1-bedroom 12.6% above, and 4-bedroom 4.3% above HUD's fair market rent, while 2-bedroom and 3-bedrooms are typically available at rates below fair market rent. This indicates that the demand for efficiency and 1-bedroom units is strong within the Lawrence rental market, and oriented to 1 to 2 person households.

In breaking down both the ownership and rental findings in comparison with the state of Kansas, Lawrence has more homeowners (+2.4%) and renters (+11.1%) spending more than 30% of their household income towards housing than the state average. This tends to indicate a discrepancy between housing costs versus the income levels within the community.



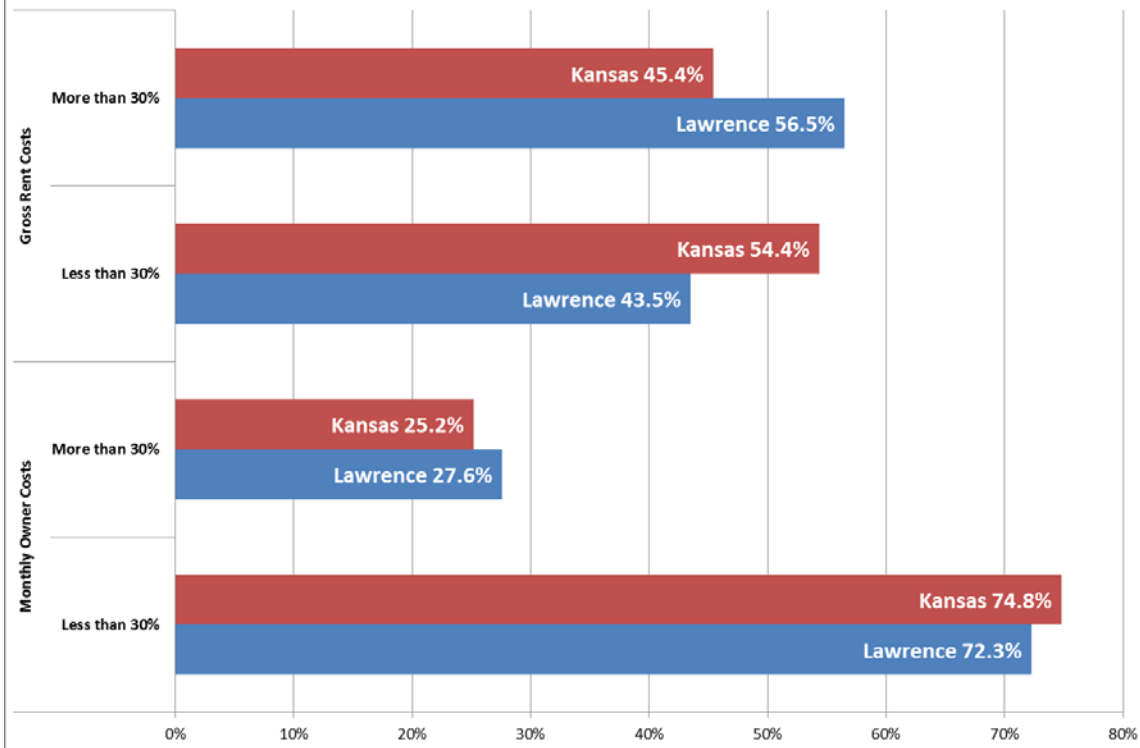
### Housing as Percentage of Lawrence Household Income

(Source: U.S. Census Bureau)



### Housing as Percentage of Household Income

(Source: U.S. Census Bureau)



Based upon the 2013 U.S. Census American Community Survey, 56.5% of Lawrence's renting population and 27.6% of homeowners are spending greater than 30% of their income on housing. On average, 39.1% of all Lawrence households are spending more than 30% of their incomes on housing costs, which includes utilities, fuel, fees, insurance, and mortgage costs.

## Discussion

Throughout their public input gathering phase, the [Horizon 2020/Comprehensive Plan Update Steering Committee](#) received presentations and communications regarding affordable housing, and the community's view on this item. The Steering Committee has concluded that housing issues, affordable housing in particular, should be comprehensively studied to identify the full-extent of the issues and determine options to address these findings.

- [Additional communications from Tenants to Homeowners](#)
- [Affordable Housing Petition / Second portion of Petition](#)
- [ETC Survey Results](#)
- [Housing Needs Task Force Interim Report: January, 2007](#)
- [Lawrence Board of Realtors presentation](#)
- [Lawrence Board of Realtors Memo on Inclusionary Zoning](#)
- [Memorandum from Kirk McClure on Housing Issues in Lawrence](#)
- [Public Forum Analysis Report](#)
- [Public Input Analysis Report](#)
- [Tenants to Homeowners presentation](#)
- [Tenants to Homeowners responses to Steering Committee questions](#)

As with most economic issues, there are a myriad of factors that must be accounted for when attempting to fully comprehend the community's housing market forces. We may also be seeing a larger segment of the community's housing stock that may not be intentionally targeted towards the larger income segments of the Lawrence community. What are not shown in the information provided above are details related to current housing stock, nor the balance of the market in matching with the present residents' incomes and needs. The findings of these particular market aspects could be integral in understanding all facets of the present Lawrence housing market.

For a topic as intricate as affordable housing, a complete and detailed study of the housing market, similar to the ones conducted by [Austin, TX](#) and [Manhattan, KS](#) would provide the most complete understanding regarding the depth of the issues, as well as the in-depth analysis on the portions of the community most in need. Studies at this level would provide the City Commission and staff with an understanding of the present market balances, and at what intervals the market is undersupplying housing for residents, and could offer solutions to address identified needs. This study would be beneficial to all stakeholders, including the private market, providing a comprehensive understanding of the housing market. Staff estimates a study of this scope would cost in the \$75,000 range.

## **Recommendation**

Given the range of data, and need for additional information and understanding, staff recommends consideration of an independent consultant to conduct a comprehensive housing study to provide a more in-depth analysis of the Lawrence housing market. Such a study could determine specific needs in the area of housing, as well as offer options to address each need.